

2. The chairman shall prescribe a uniform chart of accounts and accounting classifications. Licensees shall prepare their financial statements in accordance with the chart or in a similar form producing the same information.

3. Each nonrestricted licensee shall furnish to the board, upon the chairman's written request, statistical and financial data for the purpose of compiling, evaluating, and disseminating financial information regarding the economics and trends within the gaming industry.

(Adopted: 10/87. Amended: 2/00.)

6.080 Audited financial statements.

1. Each Group I or Group II licensee shall prepare financial statements covering all financial activities of the licensee's establishment for each business year.

2. Each nonrestricted licensee having gross revenue of \$10,000,000 or more, or accepting \$74,290,000 or more in wagers if the operation consists primarily of a race book or sports pool or both, during the 12 months ended December 31st each year, and each operator, shall engage an independent accountant licensed by the Nevada state board of accountancy who shall audit the licensee's financial statements in accordance with generally accepted auditing standards.

3. Each nonrestricted licensee having gross revenue of \$5,000,000 or more but less than \$10,000,000 or accepting \$33,780,000 or more but less than \$74,290,000 in wagers if the operation consists primarily of a race book or sports pool or both, during the 12 months ended December 31st each year, shall engage an independent accountant who shall review the financial statements in accordance with the statements on standards for accounting and review services or, if the chairman requires or the licensee engages him to do so, the independent accountant shall audit the financial statements in accordance with generally accepted auditing standards.

4. The chairman may require any nonrestricted licensee having gross revenue of less than \$5,000,000 or accepting less than \$33,780,000 in wagers if the operation consists primarily of a race book or sports pool or both, during the 12 months ended December 31st each year, to prepare financial statements covering all financial activities of the licensee's establishment for a business year and to engage an independent accountant, licensed by the Nevada state board of accountancy, to audit the financial statements in accordance with generally accepted auditing standards or to review the financial statements in accordance with standards for accounting and review services.

5. Unless the chairman approves otherwise in writing, the financial statements required by subsections 2 and 3 must be presented on a comparative basis. Consolidated financial statements may be filed by commonly owned or operated establishments, but the consolidated financial statements must include consolidating financial information or consolidating schedules presenting separate financial statements for each establishment. The independent accountant shall express an opinion on the consolidated financial statements as a whole and shall subject the accompanying consolidating financial information to the auditing procedures applied in the audit of the consolidated financial statements.

6. Each licensee shall submit to the board 2 copies of its audited or reviewed financial statements not later than 120 days after the last day of the licensee's business year. Unless the chairman approves otherwise in writing, in the event of a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 120 days after the event, submit to the board 2 copies of audited or reviewed financial statements covering the period since the period covered by the previous financial statement. If a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent occurs within 120 days after the end of a business year for which a financial statement has not been submitted, the licensee may submit financial statements covering both the business year and the final period of business.

7. If a licensee changes its business year, the licensee shall prepare and submit to the board audited or reviewed financial statements covering the "stub" period from the end of the previous business year to the beginning of the new business year not later than 120 days after the end of the stub period or incorporate the financial results of the stub period in the financial statements for the new business year.

8. Reports that communicate the results of the audit or review, including management advisory letters or activities not related to the gaming operation, must be submitted within 120 days after the end of the licensee's business year.

9. The chairman may request additional information and documents from either the licensee or the licensee's independent accountant, through the licensee, regarding the financial statements or the services performed by the accountant. Failure to submit the requested information or documents is an unsuitable method of operation.

(Adopted: 10/87. Amended: 6/92; 11/92; 11/93; 11/94; 10/95; 11/96; 11/97; 11/98; 11/99; 2/00; 5/00; 11/00; 11/01; 11/02; 5/03; 11/03; 11/04. Sections (2), (3), and (4) effective 1/1/05.)

6.090 Internal control for Group I licensees. As used in this section, “licensee” means a Group I licensee and “chairman” means the chairman or other member of the state gaming control board.

1. Each licensee shall establish administrative and accounting procedures for the purpose of determining the licensee's liability for taxes and fees under chapters 463 and 464 of NRS and for the purpose of exercising effective control over the licensee's internal fiscal affairs. The procedures must be designed to reasonably ensure that:

- (a) Assets are safeguarded;
- (b) Financial records are accurate and reliable;
- (c) Transactions are performed only in accordance with management's general or specific authorization;
- (d) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain accountability for assets;
- (e) Access to assets is permitted only in accordance with management's specific authorization;
- (f) Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies; and
- (g) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

2. Each licensee and each applicant for a nonrestricted license shall describe, in such manner as the chairman may approve or require, its administrative and accounting procedures in detail in a written system of internal control. Each licensee and applicant for a license shall submit a copy of its written system to the board. Each written system must include:

- (a) An organizational chart depicting segregation of functions and responsibilities;
- (b) A description of the duties and responsibilities of each position shown on the organizational chart;
- (c) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of subsection 1;
- (d) A written statement signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner attesting that the system satisfies the requirements of this section;
- (e) If the written system is submitted by an applicant, a letter from an independent accountant stating that the applicant's written system has been reviewed by the accountant and complies with the requirements of this section; and
- (f) Such other items as the chairman may require.

3. The chairman shall adopt and publish minimum standards for internal control procedures that in the chairman's opinion satisfy subsection 1. At least 45 days prior to adopting or revising minimum standards, the chairman shall:

- (a) Publish notice of the proposed action in such newspapers as the commission shall prescribe;
- (b) Mail a copy of the proposed minimum standards or revision and a copy of this section of Regulation 6 to every Group I licensee and every person who has filed a request therefor with the commission; and
- (c) Provide a copy of the proposed minimum standards or revision to the commission.

4. Prior to adopting or revising the minimum standards, the chairman shall consider all written statements, arguments, or contentions submitted by interested parties within 30 days of service of the notice provided for in subsection 3.

5. The chairman shall send written notice that he has adopted standards pursuant to subsection 3 to all Group I licensees and to every person who has filed a request therefor with the commission.

6. Not later than 30 days after service of written notice that the chairman has adopted or revised the minimum standards, any Group I licensee may object to the minimum standards or revisions by filing a written objection with the commission. If a licensee files an objection, the effective date of the standards or revisions is stayed. The commission may, on its own initiative, review the minimum standards or revisions adopted by the chairman and may stay the effective date of the standards or revisions. If no objections are filed within 30 days, or the commission does not stay the effective date in order to review the minimum standards or revisions, the minimum standards or revisions shall become effective. If objections to particular portions of the minimum standards or revisions are filed, the portions of the minimum standards or revisions not objected to shall become effective upon expiration of the 30 days. If the commission fails to sustain an objection within 60 days of its filing, the objection will be deemed denied and the minimum standards shall become effective upon expiration of the 60 days. If the commission sustains the objection, the chairman shall revise the minimum standards to reflect the order of the commission. The chairman shall send written notice of the effective date of the standards to all Group I licensees and every person who has filed a request therefor with the commission.